

**CAPITAL AREA CORPORATE
RECYCLING COUNCIL**
REVIEWED FINANCIAL STATEMENTS
AND REPORT ON APPLYING
AGREED UPON PROCEDURES
DECEMBER 31, 2006
BATON ROUGE, LOUISIANA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

9/5/07

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June 18, 2007

Independent Accountant's Report

To the Board of Directors
Capital Area Corporate Recycling Council
Baton Rouge, Louisiana

We have reviewed the accompanying Statement of Financial Position of Capital Area Corporate Recycling Council (a nonprofit organization) as of December 31, 2006, and the related Statements of Activities and Cash Flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Capital Area Corporate Recycling Council.

A review consists principally of inquiries of Capital Area Corporate Recycling Council's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Respectfully submitted,

Hannis T. Bourgeois, LLP

CAPITAL AREA CORPORATE RECYCLING COUNCIL

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2006

ASSETS

Cash	\$ 168,557
Accounts Receivable	44,937
Prepaid Expenses	12,929
Equipment	134,230
Less: Accumulated Depreciation	(57,049)
Total Property, Plant and Equipment	<u>77,181</u>
Total Assets	<u><u>\$ 303,604</u></u>

LIABILITIES AND NET ASSETS

Notes Payable	\$ 23,053
Accounts Payable	15,372
Sales Taxes Payable	781
Accrued Liabilities	14,380
Total Liabilities	<u>53,586</u>
Net Assets:	
Unrestricted	<u>250,018</u>
Total Liabilities and Net Assets	<u><u>\$ 303,604</u></u>

See accountant's review report and accompanying notes.

CAPITAL AREA CORPORATE RECYCLING COUNCIL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2006

Public Support and Revenue:

Public Support:

Donated Inventory	\$ 959,734
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Total Public Support	959,734
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Revenue:

Grant Revenue	324,051
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Ebay Sales	375,224
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Scrap Sales	198,376
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Recycled Metal	1,447
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Sales Other	6,218
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Other Income	34,786
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Total Revenue	940,102
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Total Public Support and Revenue	1,899,836
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Expenses:

Salaries and Wages	385,000
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Payroll Taxes	30,722
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Insurance- Workers Compensation	7,160
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Other Employee Benefits	8,209
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Accounting & Payroll Services	30,016
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Advertising	4,998
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Bank Service Charges	658
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CLK Expense- Licensing	1,040
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CLK Program- Teachers	25
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Commissions	9,324
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Copier Expense	1,487
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Cost of Merchandise Sold	581,265
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Depreciation Expense	8,024
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Donations- In Kind	378,469
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Dues and Subscriptions	872
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Forklift Expense	868
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Forklift -Fuel	1,080
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Insurance	11,872
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Interest Expense	1,469
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Legal Expense	561
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Miscellaneous	13,918
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Office Expense	5,728
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Outside Services	4,679
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(CONTINUED)

Program Expense	10,125
Rent- Building & Storage	60,000
Rental- Equipment	168
Repairs and Maintenance	5,119
Selling Related Expenses	175,662
Small Tools & Equipment	1,808
Teacher/Student Training	1,300
Telephone	7,221
Utilities	11,293
	<hr/>
Total Expenses	1,760,140
	<hr/>
Change in Net Assets	139,696
Net Assets at Beginning of the Year	110,322
	<hr/>
Net Asset at End of the Year	\$ 250,018
	<hr/> <hr/>

See accountant's review report and accompanying notes.

CAPITAL AREA CORPORATE RECYCLING COUNCIL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2006

Cash Flows from Operating Activities:

Change in Net Assets	\$ 139,696
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used by) Operating Activities:	
Depreciation	8,024
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts & Other Receivables	(11,765)
(Increase) Decrease in Prepaid Expense	(138)
Increase (Decrease) in Accounts Payable	1,821
Increase (Decrease) in Accrued Liabilities	3,205
Increase (Decrease) in Sales Tax Payable	240
Net Cash Provided by Operating Activities	141,083

Cash Flows from Investing Activities:

Payments for the Purchase of Equipment	(67,102)
Net Cash Used In Investing Activities	(67,102)

Cash Flows from Financing Activities:

Payments of Obligation Under Capital Lease	(6,048)
Proceeds from Issuance of Long Term Debt	26,000
Payments on Long-Term Debt	(2,947)
Net Cash Provided by Financing Activities	17,005

Net Increase in Cash	90,986
Cash at Beginning of Year	77,571
Cash at End of Year	\$ 168,557

Supplemental Disclosures of Cash Flow Information:

Cash Payment for:	
Interest	\$ 1,469

See accountant's review report and accompanying notes.

CAPITAL AREA CORPORATE RECYCLING COUNCIL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

Note 1 - Summary of Significant Accounting Policies -

Nature of Activities

Capital Area Corporate Recycling Council ("the Council") is a nonprofit organization which promotes waste reduction and the use of recycled goods through leadership and education programs for public and private entities. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board on its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statement of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated Assets, Goods and Services

The value of donated items received for resale in the warehouse is recognized in the accompanying financial statements at their estimated fair value only to the extent that the items were resold. Any items not resold are not recorded as donations in the financial statements because there is no objective basis available to value such items.

See accountant's review report.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives which ranges from 3 to 5 years.

Maintenance and repairs are charged as expense when incurred.

The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any resulting gain or loss is reflected in operations.

Net Assets

The Organization classifies assets into three categories: unrestricted, temporarily restricted and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions. The Organization had no permanently restricted or temporarily restricted net assets at December 31, 2006.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Lease Commitment

Rent expense is recognized on a straight-line basis over the term of the lease.

Concentration of Credit Risk

At various times during the year, cash on deposit with one banking institution may exceed the \$100,000 insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash to minimize this potential risk.

See accountant's review report.

Note 2 - Commitments -

The Council entered into several operating lease agreements for office space and equipment.

Office Space

The Council entered into a lease on November 1, 2002 to rent an office building and warehouse. The term of the lease began on November 1, 2002 and continues until November 30, 2007. Rental amounts vary according to the terms of the lease. The monthly rent is \$5,000 per month.

Copier Lease

The Council entered into a lease agreement on July 21, 2006 to rent a copier. The lease requires 60 equal monthly payments of \$75 plus taxes.

The total rent expense for items under operating leases for the year ended December 31, 2006 was \$61,081. Total minimum rental commitments at December 31, 2006, under the terms of the leases are due as follows:

<u>Year End December 31</u>	<u>Amount</u>
2007	\$ 55,900
2008	<u>525</u>
Total Minimum Lease Payments	<u>\$ 56,425</u>

Note 3 - Fixed Assets -

A summary of fixed assets as of December 31, 2006 is as follows:

Equipment	\$ 134,230
Less: Accumulated Depreciation	<u>(57,049)</u>
	<u>\$ 77,181</u>

Depreciation expense for the year ended December 31, 2006 was \$8,024.

Note 4 - Capital Lease Obligation -

The Council entered into a capital lease for the purchase of a forklift. The lease agreement dated October 11, 2004 requires 24 equal monthly payments of \$672. The lease was paid in full during 2006.

See accountant's review report.

Note 5 - Long-Term Debt -

Long-term debt consist of the following:

Note payable to JP Morgan Chase Bank dated September 5, 2006 with an original balance of \$26,075. The note is payable in 24 monthly installments of \$1,186 at an interest rate of 8.45%. Collateralized by a certificate of deposit.

\$ 23,053

Less: Current Maturities

(12,778)

Net Long-Term Debt

\$ 10,275

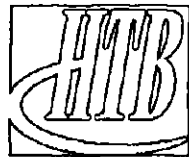
Future schedule maturities of long-term debt are as follows:

Year ending December 31,
2008

\$ 10,275

See accountant's review report.

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES**



Hannis T. Bourgeois, LLP

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June 18, 2007

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

To the Board of Directors
Capital Area Corporate Recycling Council
Baton Rouge, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Capital Area Corporate Recycling Council, the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about Capital Area Corporate Recycling Council's compliance with certain laws and regulations during the year ended December 31, 2006 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Federal Grant Name	Grant Year	CFDA No.	Amount
Computers for Louisiana Kids (CLK) Program - State Award	7/1/06 - 6/30/06	N/A	\$ 115,385
Computers for Louisiana Kids (CLK) Program - State Award	7/1/06 - 12/31/06	N/A	\$ 125,000
Total Expenditures			\$ 240,385

2. For the state program, we randomly selected 6 disbursements from the award administered during the period under examination.
3. For the items selected in procedure 2, we traced the six disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, we determined if the six disbursements were properly coded to the correct fund and general ledger account.

All six of the payments were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, we determined whether the six disbursements received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval of the Executive Director.

6. For the items selected in procedure 2: For federal awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in the *Compliance Supplement* (or contained in the grant agreement, if the program is not included in the *Compliance Supplement*) and for state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

Activities allowed or unallowed:

No Federal awards were received.

Eligibility

No Federal awards were received.

Reporting

No Federal awards were received.

7. For the programs selected for testing in item (2) that had been closed out during the period under review, we compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

We compared the close-out reports for the program with the entity's financial records. The amounts reported on the close-out reports agreed to the entity's financial records.

Meetings

8. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA RS 42:1 through 42:12 (the open meetings law).

The Organization is not subject to the open meeting law.

Comprehensive Budget

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Capital Area Corporate Recycling Council provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

This is the first year the Organization has been required to have an attestation report completed.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Capital Area Corporate Recycling Council, the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hammis T. Bourgeois, LLP

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)

(Date Transmitted)

Hannis T. Bourgeois, LLP
2522 Tremont Drive Ste 200
Baton Rouge, La 70809 (Auditors)

In connection with your review of our financial statements as of December 31, 2006 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes [] No []

Budget

N/A

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [☒] No []

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [☒] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

<u>Patty Pratis Swanson</u>	Secretary	<u>6-20-07</u>	Date
<u>Colby</u>	Treasurer	<u>6-7-07</u>	Date
<u>Dan Craig</u>	President	<u>5-15-07</u>	Date